



A Report to the Australian Logistics Council (ALC)

**Industry Consultation Arrangements
for Logistics Infrastructure**

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Contents

1	Purpose of the review	3
2	The challenge – ALC and infrastructure consultation	5
3	Observations from government	6
4	Observations from industry and associations	8
5	The current process – a federal perspective	10
6	The current process – a state perspective	11
7	State differences – some observations	12
8	The implications – identifying a path forward	14
9	Turning the direction into action	15
10	Four key initiatives	16
	Initiative 1 – Establishing a new agenda	16
	Initiative 2 – An agenda for nationally important projects	18
	Initiative 3 – Putting collaboration into play	19
	Initiative 4 – Adding value to AusLink	20
11	Supporting resources	22
12	Conclusion	24

1 Purpose of the review

The Australian Logistics Council (ALC) engaged Powell Management Services (PMS) to provide consultancy services in relation to developing a framework for industry consultation on key infrastructure. PMS was asked to work with Mr Robert Jeremy, Chair of the Infrastructure Steering Group, and Mr Hal Morris, ALC Executive Director, in carrying out the review.

Consultancy objectives

- Research an overview of existing consultation arrangements within the levels of government, as a means of identifying integration and value-add opportunities for ALC.
- Canvass the views of existing industry representative groups, including freight councils, modal industry associations and industry peak bodies.
- Review options for consultation in light of the arrangements currently established by the Department of Transport and Regional Services (DOTARS) to support the AusLink processes, including the roles which state governments play in those processes and their industry consultation links.
- Consider initial arrangements for future consultation, including purpose, objectives, resourcing, funding, reporting, relationships with other entities, decision-making and other relevant institutional and organisational characteristics.
- Recommend any further consultant support that may be required to assist the Executive Committee and Infrastructure Steering Group in the implementation phase.

Methodology

The methodology agreed between the ALC Executive Director and PMS for this review was, in summary:

- An initial project scoping stage of meetings with the Executive Director and the Infrastructure Steering Group Chair finalised the methodology, work plan, objectives, project communication and deliverables. This resulted in a presentation to the June 2005 ALC Council meeting in Brisbane and subsequent formal confirmation of the decision to proceed.
- A discussion guideline document outlining key questions and issues was prepared after some initial exploratory discussions, and submitted to the Executive Director and the Infrastructure Steering Group Chair.

Report:
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- The data collection stage involved approximately 45 discussions with 38 individuals (members of the Infrastructure Steering Group, ALC Executive, industry groups, key modal bodies, government representatives and individual entities).
- Following these discussions, the data was synthesised and key issues and options identified.
- As part of the discussion process, various propositions were tested and a number of follow-up discussions held with certain individuals—in particular government—to confirm general support for initiatives that emerged from the discussions.
- The key findings and proposed initiatives were presented to the Infrastructure Steering Group meeting on 25 August 2005.
- Following endorsement at this meeting, an overview of the proposed approach was presented by the Executive Director to the ALC Council at its meeting on 26 August 2005.
- Following endorsement of the general direction of the report and approval of implementation actions, this final report was prepared.

2 The challenge – ALC and infrastructure consultation

From an industry action agenda agreed by government and key industry participants in 2003, ALC was established to develop a national consultative framework involving all participants. The aim was to facilitate a working relationship with federal, state, territory and local governments to ensure the provision of infrastructure aimed at improving the efficiency and effectiveness of the national logistics chain.

The ALC Infrastructure Steering Group was recently reconstituted to focus on infrastructure and to initiate liaison with government on AusLink. This review has been commissioned and managed by the Steering Group to implement the agreed national consultative framework.

Multi-tiered levels of government and an industry fragmented in structure make infrastructure advocacy a complex and potentially resource-hungry activity. Many organisations and entities associated with ALC already have clear infrastructure priorities. In addition, several (such as the Infrastructure Council, Transport and Tourism Forum, Committee for Economic Development of Australia and Logistics Association) are advocating infrastructure from the perspective of their own agendas. This review, therefore, must identify how ALC infrastructure advocacy can add value, integrate and work with that of other bodies in order to achieve its objectives.

During discussions as part of this review, Government representatives indicated that they look to ALC for leadership in its role as a peak body. It was also clear that there are high expectations on ALC to deliver in the short term to build government confidence.

Equally relevant when considering the challenge ahead, is the broad range of views among ALC's industry constituency as to the Council's role, objectives and capacity to achieve those objectives. Because this somewhat tentative approach by industry has the potential to impact negatively on ALC, the chosen path must energise ALC membership.

However, there is a significant opportunity on offer. The focus by government on freight and logistics, and the changes within the planning and funding arena created by AusLink, provide a unique opportunity for ALC to develop credibility through influencing agendas.

This review identifies six key steps which form the platform to action and proposes four initiatives which will enable ALC to add value to both government and industry. The proposals require that ALC take a different approach in a number of areas, as well as make a commitment to additional resources, to enable it to put forward and argue its case appropriately.

3 Observations from government

This section outlines a number of observations made by government sector representatives. While it is not suggested that there is unilateral support for a particular proposition, the observations documented reflect the more commonly held views and perceptions.

- Industry views are not generally institutionalised into processes for developing infrastructure agendas.
- While industry generally responds to proposals, there are some excellent examples of industry proposing specific agendas (such as those proposed by freight councils in South Australia and Victoria, industry advocacy for specific funding projects to improve the national rail network, and work undertaken by roads associations in targeting improvements in individual road networks).
- The level of industry involvement is often influenced by the attitude of ministers and senior bureaucrats. Within several governments there have been recent changes in these roles, and this is seen as a major influence on the level of industry involvement in agenda development.
- Understanding of government budget processes varies considerably within industry. Groups which understand these processes are often able to increase their proposal's chance of success.
- Industry tends to express its arguments primarily in terms of its own transport component or particular interest, and often bases arguments on economic rationale only. Government would prefer reasoning that integrates the triple bottom line approach it uses to evaluate major projects.
- Local industry representation does not always link into the national agenda and, therefore, may not be gaining the benefit that can accrue from being identified as nationally important.
- Industry is seen as effective at local level and on specific modal issues. This indicates to government that industry does have the capability to develop an effective agenda.
- Governments have a strong desire to speak with bodies which have the capacity to take an integrated perspective and effectively collaborate with them. There are a range of views about the capacity of ALC to develop its potential in this regard, given the fragmentation of its constituency.
- Government acknowledges that industry faces some difficulties dealing with issues where it is necessary to work across federal and state agencies.

- While AusLink has the potential to assist alignment among the different levels of government, with a number of states still to finalise bilateral arrangements, there is some uncertainty about whether this will be achieved.
- An improved Standing Committee on Transport (SCOT) framework has significant potential to align policy initiatives between the federal and state governments. This would assist industry, via ALC, to advocate an agreed infrastructure agenda.
- Increasingly, a range of agencies beyond the traditional transport portfolio (such as infrastructure, planning, local government, regional development units, growth commissions, industry, treasury, premier and cabinet) have a role to play in setting agendas in areas such as infrastructure. This needs to be considered when planning advocacy strategies.
- Greater weight will be given to well considered and specific agendas which acknowledge the total government policy framework, as opposed to a general proposition from industry, or propositions founded on self-interest agendas. This was seen as important in shaping ALC's preferred approach.
- Industry collaboration to resolve impediments at key choke points in fragmented supply chains (such as those of ports) is seen as important. It is felt that ALC could provide leadership in this area.
- In terms of ALC consulting on AusLink, it is clear that the original intent of establishing the National Transport Advisory Committee (NTAC) is unlikely to be realised. It is more likely that a restructured SCOT framework will be used to establish the alignment between the federal and state governments on key infrastructure requirements. This should be the focus of any future ALC consultation arrangements.
- The corridor study approach is currently seen by DOTARS as the basis for industry response to AusLink. If this approach is taken, any ALC role is likely to be limited to responding to proposals after they have received considerable evaluation and analysis through the DOTARS framework.
- Government also indicated that if ALC is to bring an integrated perspective and perform a leadership role, it needs to be at the forefront of the AusLink process, not taking on a reactive role.
- ALC's challenge will be to quickly put forward an approach, rather than wait for that to happen.

4 Observations from industry and associations

This section outlines a number of the consistent observations made by industry and associations. While they are examples and not meant to infer unilateral support, they reflect the general themes and issues raised.

- While attendance of a significant number of key industry leaders is considered essential to the future status of ALC, there is concern that industry participation at this level may fall away.
- There is a strong belief that if a broad range of key industry participants engage collaboratively within the ALC process, ALC has the potential to influence governments on key issues.
- A view exists that some members attend ALC meetings more as observers, rather than contributing to, or energising, ALC's output.
- The current weighting towards attendance by associations and public servants, rather than industry leaders, is seen as a potential negative element of ALC's structure.
- There is a strong desire for ALC to differentiate itself from other organisations, by developing an agenda that represents a generally national perspective based on major issues.
- It is seen as important for ALC to have effective links with state bodies or networks, including the Integrated Logistics Network (ILN) and the Freight Councils Network (FCN), and tensions in this regard were noted.
- A view put consistently was that there are too many organisations, funded by multiple levels of government, whose output is not integrated. There is a question mark over whether this fragmentation should, or could, be sustained.
- The agenda arising from the Annual Forum must become a national agenda different from the agendas of other representative bodies, especially those making up ALC's membership.
- There is a need to focus on supply chain impediments which require transformational change—one example given was that of ports versus those with a limited number of participants who should have the capacity and resources to drive the collaboration themselves.
- There is a strong view that a specific and targeted infrastructure agenda is important and, while it would involve establishing priorities, this is not seen as an issue if the agenda is founded on agreed and rigorous evaluation criteria.

- While infrastructure and the subsequent funding approach are important issues, there are other equally critical foundation stones (such as regulation and access regimes). There is a view that these issues cannot always be separated and, in some cases, should be argued together.
- ALC needs to engage all potential industry constituents—representation from major shipping companies and other major exporters were given as examples of how the representation base could be broadened.
- Links are seen to be lacking between federal and state government departments involved in freight and logistics on the one hand, and ALC and other organisations on the other. Since these governments financially support the majority of organisations, many participants find the lack of formal and clear links confusing.
- There was comment about whether the new Minister and Department Secretary will affect the level of interest in ALC, which was, after all, formed on the initiative of former Minister Anderson.
- There is consensus that a pragmatic, but strategic, agenda across all modes, and related to major impediments in the national supply chain, must be the focus of infrastructure lobbying efforts.
- As corridor studies under AusLink are likely to focus on major impediments, the identification of impediments ahead of the studies is seen to be a potential focus for ALC in its consultation framework.
- While ALC is seen to be in transition—moving from its current focus on an action agenda to a focus on strategic policy—the current agenda is still seen to contain too many ‘as is’ type issues, rather than endeavouring to lead on key policy issues.
- Views were expressed that ALC is inadequately resourced to carry out major influencing and lobbying tasks.
- It is thought that industry still needs to develop an understanding and appreciation of the value of an effective and collaborative peak body, and until it does, ALC is unlikely to achieve its influencing potential.
- There needs to be a rethink of the way ALC is focussing its outputs, to ensure it is able to take advantage of the quality of knowledge around the ALC table. In this way, the involvement of government representatives at ALC would be focussed on building the collaboration between government and industry.
- It is important that ALC creates a clear understanding of its role and strategic approach among its member organisations, and considers alliances with complementary organisations (such as other bodies involved in lobbying on infrastructure).

5 The current process – a federal perspective

This section summarises factors currently at play at federal level, which should be considered when developing ALC consultation strategies.

- The process of infrastructure planning and funding is currently undergoing significant transition at federal level. AusLink is the new long term multi-modal planning framework, designed to ensure federal funding delivers high levels of national benefit.
- AusLink requires the federal government to develop a partnership with states and territories that have the responsibility for planning, building and managing the majority of the AusLink network.
- This will involve new processes, new planning and funding agreements, and AusLink has essentially set its first five-year course.
- AusLink is creating a new paradigm where transport needs are the focus, rather than simply road or rail sectors. In developing the capacity to put such an approach in place, DOTARS is undergoing significant organisational change.
- ALC, while having discussed AusLink with DOTARS, does not currently have an agreed role within the DOTARS consultation framework.
- Also relevant is the stated intention of the new Secretary of DOTARS to put increased emphasis on the federal and state governments working together to align policies. As a result, the importance of SCOT as the mechanism to align government policy is likely to increase.
- In addition, infrastructure issues have become a focus at Council of Australian Governments (COAG) level, with the recent agreement to include ports and shipping channels within this framework another significant initiative needing consideration.

6 The current process – a state perspective

This section summarises influencing factors and approaches at state level, which should be considered in developing ALC consultation approaches.

- A range of funding and planning approaches operate among state governments.
- While the traditional bilateral relationship between the portfolio department and treasury generally still exists, there are shifts from the single portfolio approach to a whole-of-government approach, in both the planning and the budgeting arenas.
- Transport and freight strategies are being developed in a number of states, bringing changed processes and encouraging greater integration across government departments. Examples include South Australia's Infrastructure Plan, South East Queensland Transport and Infrastructure initiatives, NSW Growth Commissions and Victorian Freight Plans.
- In an institutional sense, there is evidence of integrated departments of planning, transport and infrastructure being established, especially in the smaller states.
- The range, independence and legislative power of other government agencies varies from state to state, and has an impact on planning and funding. In this regard, port authorities often have a greater capacity in relation to agenda development in both planning and funding infrastructure. The ports of Brisbane and Melbourne are examples of where infrastructure development is not limited by access to funds.
- The absence of a one-stop-shop with government generally increases the importance of industry integration and collaboration in focussing and co-ordinating efforts to influence infrastructure agendas.
- State road authorities have generally led infrastructure planning and funding arrangements.
- In some states, the portfolios of Regional Development and Treasury are seen as increasingly driving transport infrastructure.
- Agendas are often strongly influenced by the delivery of election policy commitments, generally tying up the majority of funds for the next planning and funding time frame.
- Road and public transport needs have traditionally driven state infrastructure funding, with freight often considered to be of lower priority, although road safety has been an important consideration.
- Because discretionary or windfall opportunities for new infrastructure projects are generally limited at federal and state levels, the scope for short term responses from inner budget departments to major infrastructure requests is generally limited.

7 State differences – some observations

PMS was asked to make some observations about perceived differences in the way the states operate. This section presents an overview of relevant issues we observed during our discussions.

Queensland

- Major infrastructure initiatives are influencing the approach, with the South East Queensland Infrastructure Plan a significant element.
- A new Minister has been appointed and this is likely to influence the focus on industry involvement.
- Traditional portfolio management occurs in planning and funding.
- The port of Brisbane is very active with a significant infrastructure agenda.
- The influence of industry groups, including freight councils, is considered to be limited.
- Rail infrastructure funding is driven through initiatives by Queensland Rail, which receives community service obligation (CSO) support from the Queensland government.

New South Wales

- The significant number of portfolios in this area (such as ports, roads, transport and infrastructure) is resulting in a whole-of-government relationship that is still under development.
- There has been significant ministerial change and this will have some impact on the approaches to be taken.
- Treasury is perceived to be influential in the traditional portfolio management process.
- The change in rail arrangements means this sector is in transition, with significant Australian Rail Track Corporation (ARTC) investment.
- Major initiatives in some areas are driven by the regional focus of the government.
- There is a major review of urban freight movements into the Port Botany area.
- Industry bodies are not seen as leading the agenda.
- There is a sense of competition between the ports of Kembla, Newcastle and Sydney, in relation to future infrastructure development.

Victoria

- High profile major passenger and public transport projects have driven the funding focus of the current government.
- Port expenditure is significant, through projects such as channel deepening.
- There is a proactive road program.
- The change in rail track operators may influence the approach to infrastructure development.
- Government department structures no longer integrate the planning and transport roles.
- The integrated freight council is about to publish a new infrastructure agenda.

South Australia

- Ministerial and departmental head changes are perceived to have brought an increased industry focus.
- The state strategic infrastructure plan has led to a high level of industry consultation.
- An output of this consultation has been the development of an infrastructure agenda by the South Australia Freight Council.
- The structure of the department is integrated, covering transport, infrastructure, energy and resources.
- The freight council and industry bodies are active.

Tasmania

- There is an integrated department covering transport, energy, infrastructure and resources.
- There is concern over the lack of support for rail.
- The current approach to ports is one of reform and rationalisation.
- It is perceived that an opportunity exists for more industry leadership.

Western Australia

- There is a view that the minister has a high focus on reform in all areas of the portfolio.
- There is an integrated planning and transport department.
- The freight councils are active.
- There are significant rail passenger infrastructure projects.
- A range of issues exist around Fremantle Port plans.

8 The implications – identifying a path forward

Taken together, the preceding observations clearly show that ALC's consultation strategy has to be ahead of the decision-making and focussed on national issues which bring industry together—so that industry consultation becomes integral to government planning processes. The implications of this are likely to be relevant to all areas of ALC's focus, not just infrastructure and related key policy issues.

- ALC will need to demonstrate, via its content focus, that its approach is unique and different when compared with that of other organisations which are trying to influence government on infrastructure.
- Given its objectives, ALC's major role should be policy advocacy rather than project implementation, with the latter being the focus of the relevant state and modal associations.
- Establishing links to state and modal groups via an agreed agenda of national issues will be integral to developing a strong, integrated and collaborative ALC approach.
- A key consideration for ALC will be the quality of the agenda. It appears important that the agenda not be restricted to infrastructure—it should be structured to include links with other key policy levers. In this way, government will be able to see which key policy issues should be aligned to enable industry responses to market demand.
- Going forward, it must be made clear that industry is in fact driving the agenda. It is therefore important that industry representation is broadened, at the same time as the presence of government representatives at ALC is used to build collaboration.

9 Turning the direction into action

There are six steps in the platform we are recommending ALC adopt to convert the implications previously identified into action.

Formally agree the role

- Adopt the role of developing an advocacy agenda covering the key policy levers which are impacting on nationally important infrastructure requirements.

Content focus

- Ensure issues for discussion are those of national importance.
- Advocate not for the benefit of a mode or a particular interest group, but on a basis that goes beyond freight or economic analysis to include community and environmental considerations in a manner that differentiates ALC from other bodies.
- Adopt rigour to ensure arguments are well founded and analytical.

Provide a mechanism to involve modal interests on key national issues

- Establish a working group of modal associations, and members with particular modal interests, to develop key policy agenda items—this will provide modal groups with an opportunity to demonstrate their ability to collaborate on key issues, above self-interest.
- Stimulate demand for ALC input
- Adopt an approach of endeavouring to lead debate on key national issues, using targeted research and industry knowledge—the aim should be to create demand for interface with ALC by politicians, via SCOT and ATC frameworks.
- This approach will require leadership and involvement from key industry leaders.

Develop agenda rigour

- Formalise the 'national issue' criteria, including the decision-making processes at Steering Groups, Executive Committee and the Annual Forum.
- Retain policy advisers on key issues.
- Commission research and issues papers on the chosen agenda,
- Link the agenda to areas identified as being dealt with at SCOT.

Building alliances

- Actively broaden the industry representation base.
- Develop effective links with state-based groups, modal-driven associations and other lobby groups in related fields (such as infrastructure lobby associations).

10 Four key initiatives

To turn intent into action, there are four recommended initiatives. Under the description of each, there is an outline of the objectives, resources, reporting and governance decision-making process relevant to that initiative.

Initiative 1 – Establishing a new agenda

It is important that clear criteria be developed for the agenda on which ALC advocates.

The following criteria are recommended for consideration:

- The subject focus is above any single transport process and is concerned with improving the efficiency and effectiveness of nationally important supply chains. This does not preclude a focus on a mode; rather it requires that the initiative be adding value to the chain (for example, port access and improving community amenity).
- The issue has an impact on critical government policy.
- The development of the issue can add value to the industry.
- The issue is of national importance with measurable benefits for society.

During discussion, a number of potential agenda items were developed. These are listed for discussion, as examples of issues with the potential to create cross-industry involvement and influence government policy. The suggestions are not meant to be exclusive—they are examples which can be used to create an initial agenda for consideration by ALC.

Linking our ports effectively into our supply chains

- This issue is built around the importance of linking road, rail and port infrastructure, technology, regulation, access regimes and aligned policy settings, to develop and achieve the right outcomes. The focus would be on advocating outcomes that result in the necessary balance between economic, environmental and community needs.
- This is a fragmented supply chain, and ports are key choke points where the separate transport and business processes come together. Addressing this has the potential to provide significant benefits to a range of stakeholders, including industry, importers, exporters and the broader community.
- This example would also bring together all of the modal players, providing the opportunity to emphasise the importance of effective interface and collaboration.
- It is also an opportunity to consider an issue which, with proper long term planning by industry, governments and the community, has the potential to deliver effective benefits to all stakeholders with an interest in it.

Facilitating new projects critical to the future

- It is apparent that some major projects are taking considerable time to get to approval stage, often as the result of existing planning, regulatory and other constraints. This initiative would focus on developing complementary federal and state planning frameworks which facilitate effective and efficient approvals.

- It would stress the need for adequate scrutiny, probity, and social, environmental and governance input, but be in a framework which facilitates development of major infrastructure within reasonable timeframes.
- While the majority of planning occurs at state level, integration consistency and reduced timeframes for major projects would be of significant importance nationally, especially if these were within the AusLink framework.
- This initiative could also give the industry an opportunity to lead the way in finding appropriate means of facilitating community participation in decision-making.

Aligning the regulatory framework to complement infrastructure

- This agenda item would encourage debate on key micro-economic reform issues that work in a complementary way with infrastructure—a current example is regulation and canvassing of the potential for an industry regulator.
- It is quite clear that infrastructure-associated regulation, particularly in respect of pricing and access regimes, is integral to the effectiveness of any infrastructure initiatives.

Competition and efficiency

- An emerging issue seems to be the range of views within government and industry on industry structure models. A well thought out position paper—written to simulate debate on the impact of investment capacity, preparedness to invest in new technology, efficiency of dedicated versus common user facilities, capacity for regulation to protect best interest, productivity opportunities and business viability—would be a valuable basis for consultation and discussion between industry and government.
- An understanding of the trade-offs inherent in future models would seem to be essential when considering industry structure and infrastructure arrangements which are designed to remove impediments to future freight and logistics tasks.

The right infrastructure in the medium to long term

- The potential exists to move the debate away from the current short term funding time frames, to ensure that key issues (such as the conflict between passenger transport and freight) receive adequate discussion and debate.
- An influencing factor on medium to long term infrastructure planning is the emerging importance of regional and urban growth plans. Adequate consideration of long term issues (including provision of land, buffers and planning protection) is important, if short term decisions are not to impact unfavourably on future requirements.
- Trends in key supply chains arising from globalisation, the growth and planning of ports (including channel depth issues and urban encroachment), and how major infrastructure pays its way, are all future impacts which could be canvassed in such an agenda.
- It has also been suggested that ALC could consider developing a national freight and logistics strategy as the context for its national infrastructure agenda.

It is recommended that ALC authorise the development of position statements on these issues, and any others identified by the proposed working group, for review, endorsement and prioritisation by the ALC Council.

The position statements should include the key messages, an outline of any proposed research or data collection, the target audience, accompanying communication strategy, and the proposed support resource approach and cost.

It is recommended that, in terms of governance and decision-making, this initiative be managed by a realigned industry leaders group, rather than the existing Infrastructure Steering Group. Reporting to the ALC Executive Council, and to members, would be formalised by the agreed terms of reference.

It is our view that this industry leaders group would initially be authorised to identify and agree the key strategic issues, and develop an influencing agenda for key politicians, including supporting policy research.

Approval processes should include reference and communication to the ALC Council and Annual Forums to ensure links with the broader membership base.

Initiative 2 – An agenda for nationally important projects

It is recommended that ALC develop an agenda of nationally important infrastructure projects.

During discussions, government representatives indicated a strong desire for a specific agenda, rather than the generic advocating of issues. This was especially relevant to the states and those responsible for AusLink, the context being that any proposed agenda would benefit not only the transport industry, but society as a whole.

While it was recognised that, historically, infrastructure agendas have not been led by industry, it was acknowledged that an industry-developed agenda would be constructive in discussing future requirements, especially in relation to AusLink Phase 2.

It was noted that, to be influential, an industry agenda should be holistic in its approach and have been constructed in a manner which deals with economic, social and environmental criteria.

It was also felt that having such an agenda in place would be important should opportunities arise to compete across portfolios for discretionary funds (such as the proceeds of asset sales). In this way, advocacy for projects would be continuous and based on well-founded rigour and need, which should assist project competitiveness.

It is noted that the AusLink framework will result in the engagement of all levels of government and therefore, in terms of consultation, it is important for ALC to be seen as being at the forefront. This could be achieved by developing an agenda of logical and justified projects which are clear priorities and can be argued from a national interest perspective.

It is recommended that the Infrastructure Steering Group establish, by broad consultation, a process to establish priorities in relation to key supply chain impediments. Criteria need to be established around supply chain priorities, impediment levels, capacity to meet community amenity and environmental objectives, contribution to facilitating the most cost competitive freight, and capacity to facilitate complementary investment with some congruence to any agreed federal and state frameworks. These criteria should also reference AusLink project evaluation guidelines.

It is recommended that, to develop this agenda, a workshop be conducted by the Infrastructure Steering Group with state-based input from individual members, associations and freight councils. The outcomes would be referred to the ALC Council for endorsement as the initial agenda, and could then be presented to the 2006 Annual Forum for full endorsement.

This methodology would ensure that state activity is linked to the national agenda.

It is recommended that this role, and the accompanying decision-making and review process, be built into the Infrastructure Steering Group's terms of reference.

It is recommended that an infrastructure adviser be appointed to assist the Infrastructure Steering Group with project evaluation and ongoing support. This adviser's assistance at the initial workshop should be considered, to ensure that a rigorous framework is put in place. Further comment on advisers is made in the section of this report dealing with support resources.

Initiative 3 – Putting collaboration into play

The objective of this initiative is to position ALC as an effective body capable of collaborating with senior government officials and politicians on areas of mutual benefit. The intent is to develop a genuine two-way exchange.

The building blocks for this exchange are to be the issues and agendas developed in the other recommended initiatives. This initiative focuses on the methods and processes ALC can use to deliver the added value it intends to provide to government.

It is recommended that ALC establish an industry leaders group to consider issues which are clearly above self-interest and modes, and which require policy advocacy to government. The establishment of this group is seen as a key initiative through which ALC can demonstrate to government its determination to position itself as an effective peak body capable of strong leadership on issues of national importance.

This industry leaders group would initiate a series of interactions with key government officials in order to create demand for its views. Options include offering industry briefings on key issues to SCOT (twice a year—one separate and one in conjunction with an ATC meeting) and ATC (at least annually). The link to the SCOT framework is

essential in the current environment, where it is likely that SCOT will increase its capacity to align federal and state government policies.

The SCOT framework would also be the mechanism to link local government, since it is not recommended that a series of independent initiatives be developed for this sector. Local government interaction would also occur via state-based projects, consultations and initiatives.

Discussion at meetings with government officials would be based around a series of agreed key issues across modes and sectors. These could include trends, global impacts, technology, factors influencing industry effectiveness, industry initiatives, alignment of government budget and planning cycles, and initiatives to improve cross-portfolio communications.

The key issues could be structured to include presentation of a discussion paper on each of them. Depending on the theme, it may be that research papers are developed prior to such discussions.

It would be expected that protocols for the industry leaders group, relating to communication, membership, reporting to members and a process for reaching decisions, would be included in the group's terms of reference.

It is recommended that, in addition to formalised interactions at SCOT and ATC, there is a schedule of visits to relevant federal and state politicians by the industry leaders to support the key issues. The Annual Forum should also be used as means of involving politicians in debate around key issues. Such interactions should go beyond the transport portfolio, to reflect the trend towards whole-of-government thinking.

Initiative 4 – Adding value to AusLink

It is recommended that ALC establish an AusLink subgroup as the mechanism for maintaining ongoing contact with DOTARS on the overall AusLink agenda. This group would assist DOTARS and state governments on the corridor studies and key AusLink reviews. It would, for example:

- provide assistance with the identification of impediments in key supply chains before the major corridor reviews commence
- provide access to key data through industry contacts
- act as a mechanism for reviewing work undertaken on issues by the department or its consultants
- act as a mechanism for sourcing industry advice and expertise on corridor issues from within the states
- work constructively with the department to facilitate industry input.

It is recommended that ALC immediately prepare a submission to DOTARS proposing the role of this subgroup as outlined.

It is recommended that this subgroup be an extension of, and report to, the Infrastructure Steering Group. The Steering Group charter should be amended to include a process for working with freight councils, associations and individual members to ensure it creates an integrated framework.

This approach would serve to link the state and national agendas, at the same time as operating within the DOTARS and SCOT frameworks.

It is recommended that membership of this subgroup should be strongly industry-driven, and limited in size to around five. The group should have the power to identify and co-opt industry experts, as required from time to time, for specific issues.

11 Supporting resources

PMS was asked to make recommendations on consultant support that may be required to assist the Executive Committee and the Infrastructure Steering Group in the implementation phase.

While the proposed policy advocacy direction does not require significant long term project implementation, it would benefit from input in relation to planning, co-ordination and content. In addition, the recommendations in this report require either a reallocation of existing resources or additional resources to enable the agreed target initiatives to be implemented.

In our view, the importance of the strategic agenda is such that it will require the planning, co-ordination and monitoring to be driven by the Executive Director as part of the integration of the full range of ALC initiatives.

There is no doubt that some upfront assistance is required in accelerating position statement developments, arranging agreed workshops, co-ordinating issues arising from AusLink discussions, and planning the increased amount of activity and collaboration with government officials and politicians.

We believe that the required emphasis on content could be achieved in two ways.

An individual, whose job it would be to develop the policy agenda, could be recruited or seconded from a member company or association. This may be possible either directly or partly sponsored by the member or association.

A second approach would be for ALC to consider retaining some key advisers with broad industry and policy skills. This latter approach may provide flexibility and some cost effectiveness.

Either way, the requisite skills would include industry knowledge, and experience in government relations, policy development and economic and regulatory analysis.

The scope of assignments would be determined somewhat by the Executive Director's workload and priorities, and these should be discussed with the Executive Committee, as part of the process of deciding between recruitment/secondment and the use of advisers.

In terms of funding, there is no question that additional resources are required. It is our view that the broad program could be carried out with a budget allocation in the order of \$100,000. This figure obviously could be higher, but would be determined by the final composition of resources and the initiatives agreed to by ALC. Further consideration could also be given to the potential to share costs with industry and government, and the reallocation of industry grants and funding.

It is recommended that ALC commit additional funds to ensure the initiatives outlined in this report are resourced adequately and, in this respect, an initial budget of \$100,000 be considered.

It is recommended that ALC determine the most suitable resourcing approach, whether that be recruitment/secondment of dedicated policy staff or appointment of specialist advisers.

12 Conclusion

Our work in undertaking this review leads us to conclude that focussed leadership on the part of ALC has the potential to influence government agendas related to infrastructure and associated policy levers.

A key element of success will be ALC's ability to mobilise key industry players. This will facilitate the building of improved collaborative relationships between industry and government, with the added benefit of greater government and industry confidence in ALC.

The observed degree of indifference from both government and industry to ALC, leaves us in no doubt that the proposed initiatives need to be addressed quickly, before opportunities are lost.

There is, however, a sense of strong goodwill towards ALC, and proactivity in this area is likely to rekindle enthusiasm for its objectives.

The approach we are recommending that ALC take is not one based simply on infrastructure—it is one that takes account of and integrates government's current key policy agendas. The focus should be on collaboration within the SCOT framework, as this is an important mechanism to ensure the alignment of government policies at all levels.

While clearly requiring additional budget allocation, the cost of the proposed initiatives is not considered to be a major barrier. However, the correct structuring of support is critical if the Executive Director is to be able to pursue the recommended agenda.

A key initiative in building ALC's credibility will be working proactively with the federal and state governments on the development of AusLink. An opportunity is on offer here for ALC to make a significant contribution—if it is able to position itself at the forefront of discussions by galvanising industry input on issues related to major supply chain impediments. Again, acting quickly to capitalise on this potential will be important.

Powell Management Services thanks ALC for the opportunity to assist them on this report and we are happy to elaborate on any element of it if requested.